

FINANCIAL AND COMMERCIAL.

MONTGOMERY, Dec. 18.—For several weeks past the northbound condition of the Produce Exchange Trust Company has been a source of anxiety to experienced bankers who were cognizant of the facts disclosed by the suspension of the concern this morning. By that event the apprehensions of a comparatively small circle at once became contagious and in many cases were doubtless wildly exaggerated. The Trust Company has simply paid the penalty of incompetent management. Fortunately its affairs were brought to a crisis in time to save the money of the depositors, so that the only losers will be those who supplied the money and elected a management for the conduct of what has turned out to be a bad piece of business.

The suspension of the company had a greater effect upon the stock market than was warranted by the magnitude of the failure, because it occurred at a time when speculation was unsettled by active money both here and abroad and also by the general situation in the British Empire after Africa. Moreover, the disastrous possibility that over-confidence in so-called industrial enterprises may not have been limited to the managers of the Produce Exchange Trust Company. The situation on the Stock Exchange was further aggravated by the suspension of one of the more active commission houses. Coincident with these events London sold about 35,000 shares of various stocks.

At times during the morning hours the stock market was demoralized, but toward midday it began to right itself. An announcement that the Clearing House banks would not charge more than 9 per cent on call loans which they were willing to renew and that they would do everything in their power to make the day comfortable for borrowers helped to bring about a much-needed rally. That movement was suddenly cut short by the action of some of the newer trust companies, the managers of which appeared to have become alarmed at the fate, or more accurately, the retribution that has overtaken one of their number. They called loans on an extensive scale, and were evidently compelled to do so, since, when it was most needed, furnished additional proof that their establishment is of no benefit to the financial community. The real trouble with the Produce Exchange Trust Company is that in order to secure business in competition with older and more powerful concerns it had to accept risks that eventually capped its resources. So far as can be learned its experience is likely to be an isolated one.

The calling of loans referred to threw the Stock Exchange community back upon the banks and other lenders for accommodations, and as the supply was meager the brokers began to bid for money until a rate of 125 per annum was quoted. This stranglehold precipitated a fresh spasm of liquidation, which was the severest the Street has witnessed in several years. In fact, for half an hour or so stocks were sold for whatever they would bring, and is not this a clear sign that a condition of panic prevailed? It is impossible to give within the limits of space the entire wide fluctuations that were made. They will be found in the usual table following, and it will be seen that they were wild enough to intensify the feeling of alarm that pervaded the entire financial community during the last two hours of business.

The banks promptly came to the relief of the Street and at a hurriedly called meeting of the Clearing House Committee and presidents of several of the larger institutions decided to throw \$10,000,000 into the call loan market. This, together with the offering of \$2,000,000 by a leading private banking house broke the market to 6 per cent. The prices of securities rallied from the extreme low figures almost as rapidly as they had fallen. Still, recoveries of 4 and 15 points, and even 8 points, as in the case of Brooklyn Rapid Transit, left the usually active shares 3 to 5 points lower than on Saturday while American Tobacco lost 10 points, Metropolitan Street Railway 12, Tennessee Coal and Iron 6 and Continental and Pacific and Peoples Gas 5 points.

The consequences of to-day's almost unreasonable selling will not be fully known until to-morrow. Margins will have to be collected over night, and a general readjustment of affairs may be necessary in more than one brokerage office. The support that will turn the market must be a continuation of the good buying that was a feature of the market to-day and from the short interest which shows a disposition to cover. The opinion may be ventured in view of the condition of the business of the country as set forth in trade, financial and traffic statistics, that the decline in prices for securities has now reached a level that is likely to prove attractive to actual buyers. London is likely to resume its purchases of American stocks now that there is to be a cessation of hostilities in the Transvaal until a crushing force can be massed there, and also because the Bank of England is beginning to get results from its effort to attract gold to its vaults.

The impression of the day, or rather of to-morrow, is the same, namely, that the Secretary of the Treasury has decided to stop the Treasury accumulation of money by diverting the internal revenue receipts into the national bank to the extent of \$30,000,000 or \$40,000,000. This means that the Government will not absorb as much money as it has of late to the extent of at least \$1,000,000 a day. While the supply of United States bonds available to secure these additional deposits is not as large as it was a few months ago, yet the more informed bankers are of the opinion that the Secretary will take no action by the Secretary will, it is believed, make it unnecessary for the Clearing House to do anything in this particular direction. Such an issue would be unfortunate. At this time when money is beginning to return from abroad, and when the market is still weak, it would tend to check the movement of funds. The stranglehold in money should be short-lived if the return flow of currency is uninterrupted. The extension of credit has taken place will also contribute toward an end to the short interest. Above all, there is a chance in sentiment that may not be expected to follow the Treasury action, namely, that the money that was foolishly withdrawn from it to-day. The closing of the stock market was irregular and very feverish.

New York Stock Exchange—Sales Dec. 18.

RAILROAD AND OTHER SHARES.

Sales High Low Close Chg. Net Chg.

100 Adams Ex. 110 110 -2

500 Am Car & P. 110 114 -24

1,100 Am Cos. 50 50 -4

1,650 Am Cot. 30 30 -34

200 Am Cos. 30 30 -34

450 Am Lin. 110 114 -2

1,850 Am Lin. 50 50 -4

100 Am Mkt. 30 30 -2

2,100 Am Smelting 30 31 -34

3,550 Am Smelting 85 778 -7

500 Am St. H. 102 102 -2

1,700 Am Tel. 78 78 -2

2,100 Am Tel. 78 78 -2